

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAY 21 1975

Dear Mr. Lynn:

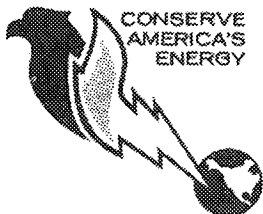
This responds to your request for our views on the enrolled bill S. 326, "To amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands."

We recommend that the President approve the enrolled bill.

Public Law 93-111 currently authorizes the appropriation of \$60 million for fiscal year 1975 for the activities of the civil government of the Trust Territory of the Pacific Islands. S. 326 as enrolled would authorize a total annual appropriation of \$75 million for fiscal year 1975. Section 2 of S. 326 would authorize \$1.5 million for a special program to aid transition of the Mariana Islands District to a new commonwealth status as a territory of the United States.

On February 18 and 26, 1975, we respectively transmitted to the Senate and House the Department's proposal to authorize appropriations for the continuance of the civil government of the Trust Territory for fiscal years 1975 and 1976, the transition quarter July 1, through September 30, 1976, and fiscal year 1977. In that proposal, we had requested a supplemental authorization of \$15 million for fiscal year 1975.

The bulk of the increased annual authorization under our proposal was devoted to the Department's accelerated capital improvement program which the Secretary of the Interior had announced in a January 1974 speech to the people of Micronesia. The accelerated capital improvements program had been agreed upon because, despite a great expansion of Micronesia's capital plant over the past six years, much remained to be done. The accelerated program was designed for construction of such rudimentary physical infrastructure as will be necessary for a sound and self-sufficient economy. To the extent possible, we would like to have this physical infrastructure



Save Energy and You Serve America!

in place within the next few years before the trusteeship gives way to a new political status for Micronesia in order to make economic self-sufficiency a more feasible goal when the trusteeship ends.

The request for the additional \$15 million for fiscal year 1975 was in the nature of an emergency authorization to keep on schedule in meeting the above goals. A number of high priority items are urgently required. They are: \$500,000 for fuel and supplies for both power plants and inter-island ships; \$1,484,000 for the Yap hospital; \$166,000 for procurement of four new inter-island ships; \$150,000 for development planning; \$200,000 for architecture and engineering; and \$945,000 to cover the deficit incurred by Trans Pacific Lines, Inc.

It is our understanding that the Senate has passed a supplemental appropriation for the Trust Territory for fiscal year 1975 at \$8,050,000. The House version of the supplemental appropriation bill did not include this item. We anticipate the bill's going to a Conference Committee after the Memorial Day recess. The Congress did not take action on the Department's authorization request for fiscal year 1976, the transition quarter, and for fiscal year 1977. We anticipate that the Congress will consider this part of our proposal in this session, as such increased annual authorization will be necessary to complete the Department's accelerated capital improvements program.

Section 2 of S. 326 as enrolled relates to the negotiations between the United States and the Marianas Political Status Commission which will lead to a new Commonwealth status as a territory of the United States for the Marianas Islands District. The U.S. Congress has final approval authority over these negotiations. Section 2 would authorize the appropriation of \$1,500,000 for a special program of transition in the Marianas which will include, among other things, a constitutional convention and referendum, a political status plebiscite, political education programs and economic, fiscal and physical planning studies. The need for these funds is quite urgent since the agreement was signed on February 15, 1975. The transition period is scheduled to begin as soon as the political status agreement is approved by the people of the Northern Marianas in a plebiscite tentatively scheduled for June, 1975.

Sincerely yours,

Rayston C. Hughes
Assistant Secretary of the Interior

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503